



DATE: DECEMBER 2, 1988  
TO: REX L. OUTZEN  
FROM: MICHAEL J. NEUMANN  
SUBJECT: MONTHLY REPORT - NOVEMBER, 1988

## I. LAND (GILT EDGE)

### A. ACQUISITIONS

1. Small Tracts Act (U.S. Forest Service): The Forest Service executed the deed for 25.42 acres covering Lots 8 and 12 in Section 5 on 11-30-88.
2. New Locations: 3 new 20 acre placers (60 acres total) were located in upper Lost Gulch.

### B. NEGOTIATIONS

1. Lathe B. Row (Boomer Gulch): Burt Row was apparently out of town for the holidays. I will continue to try to meet with him to discuss leasing his claims.
2. Ober Torvic (Diamond B claims): These claims are the old Silver Queen Mine, approximately 800 acres. He wants to sell and show us the property. Arizona interests have contacted Torvic regarding the acquisition of the claim block.

## II. LEGAL

### A. CONTRACT REVIEW

The following contracts were reviewed or prepared for execution by Brohm:

1. Cyanide delivery contract (Perovanovic)
2. Vector Engineering (Fox) - Professional Services Contract
3. Piteau Associates (Fox) - Professional Services Contract
4. McPherson Propane (Perovanovic) - Equipment Lease

### B. LEGAL ISSUES

1. Quiet Title Action (Eiler claims). Judgement has been entered to quiet title and a \$500 bond paid. Ratifications were sent to outstanding ownership interests for execution, although it is unlikely they will sign.

2. Relocations. All claims have been physically relocated and notices posted. Relocation Certificates are being prepared and filed for recording with the county. 118 Certificates were recorded in November.

### III.. MISCELLANEOUS

A. PROJECT MAP. The final draft of our updated project map has been received. Old maps should be discarded.

B. BROCHURE/LETTERHEAD. All letterhead, business cards and envelopes have been received. The brochure required further modification and will be shipped on or about 12-9-88. Significant problems were experienced with Schwing/Walsh.

C. MINVEN-STIBNITE. (a) Jim Barron and I attempted to visit the Stibnite Mine. Inclement weather prevented us from reaching it. (b) We did tour the Cactus Mine, Golden Queen and Randsburg. (c) I attended a Stibnite budget and planning meeting in Vancouver. We will commence doing some basic title work on the project area. Estimated time is 2 + months at a cost of \$15,000. (d) Bob Willis and I are to meet again with Echo Bay and Meridian in December.

  
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Michael J. Neumann

MJN/dvl

cc: J. Barron  
D. Blakeman  
D. Langford  
C. Seward  
D. Stewart  
J. Wilbanks

DATE: NOVEMBER 2, 1988  
TO: REX L. OUTZEN  
FROM: MICHAEL J. NEUMANN  
SUBJECT: MONTHLY REPORT - OCTOBER, 1988

## I. LAND (GILT EDGE)

### A. ACQUISITIONS

1. None

### B. NEGOTIATIONS

The following land negotiations were in progress in October:

1. Small Tracts Act: Our application has been tentatively approved by the Office of the General Counsel subject to NEPA. Dave Blackford will meet with OGC on 11-2 to discuss the NEPA condition.
2. Lathe B. Row: (Boomer Gulch claims) I will meet with Row to discuss leasing his claims in mid November.
3. Federal Prospecting Permit: The lands originally identified by the BLM as being leasable are actually Public Domain lands, and therefore, open to location. Homestake has already located claims on this ground.

## II. LEGAL

### A. CONTRACT REVIEW

The following contracts were reviewed or prepared for execution by Brohm:

1. Chirstensen (Seward). Prepared construction contract. Final draft in for typing.
2. Rochester Armored Car Co. (Langford). Brohm has executed contract.
3. Perkin Elmer (Thompson). Executed warranty service agreement.
4. Servall Towel & Linen (Perovanovic). Modified service agreement. Awaiting final form for execution.
5. T.I.C. (Blakeman). Executed.
6. Wally Robison (Barron). Prepared and executed Professional Services Agreement.

7. Vector Engineering (Outzen). Prepared Professional Services Agreement. Awaiting typing.

B. LEGAL ISSUES

1. Initiatives. Discussed fall back position with Homestake and Dennis Keeley in the event the mining initiatives pass. There is a legal position of a "taking" which we could pursue.
2. Relocation. We obtained a legal opinion jointly with Homestake which recommends relocating all unpatented claims. I have prepared appropriate forms and we commenced relocating all unpatented claims on October 11. The physical relocation effort should be completed by November 4. All Location Certificates must then be prepared and filed with the County and then the BLM as soon as possible.
3. Quiet Title Action (Eiler claims). A draft of Judgement has been prepared and will be reviewed with Counsel on 11-2-88.
4. Gagle. WE were notified by counsel that they had been contacted by Gagle for the purpose of filing a Mechanics lien against the project. Dick Langford and Rex opened discussions with Gagle about the disputed amounts.

III. MISCELLANEOUS

- A. LETTERHEAD: Schwing/Walsh has been delayed because Mick Walsh left the firm. We will hopefully receive our cards and letterhead shortly.
- B. BROCHURE: Our brochure should be ready by Nov. 4.
- C. AUCTION: Northwestern Metal had their auction of the Branch Mint on 10-13. David Hedges was given a tour of the Gilt Edge.
- D. ALAN HERBERT: Herbert and his wife visited the mine. We discussed amending their lease and exchanging quitclaim deeds with Borsch/Fahrni to clear title to certain claims.
- E. DIAMOND B (Ober Torvick). Torvick visited our office regarding overstaking of his claims to the Southeast. He would like us to visit his project (Queen). They are presently mining their properties (over 800 acres). Torvick also called to express concern regarding our leach pad leak.
- F. MINVEN - STIBNITE. Met with Greg Walker, Bob Willis (Pioneer), Echo Bay and Meridian regarding Stibnite. Began review of underlying agreements and negotiation strategies.

- G. MAP. Jerry McCarty is in the process of updating our project map. First draft should be done by 11-4-88.



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Michael J. Neumann

cc: J. Barron  
D. Blakeman  
D. Langford  
C. Seward  
D. Stewart  
J. Wilbanks

DATE: SEPTEMBER 30, 1988  
TO: REX L. OUTZEN  
FROM: MICHAEL J. NEUMANN  
SUBJECT: MONTHLY REPORT - SEPTEMBER, 1988

## I. LAND

### A. ACQUISITIONS

The following properties were acquired by Brohm during the month of September.

1. Gaffrey, Rod: (MS 1903, 62.514 acres)  
10 year exploration/option agreement which converts to lease/purchase agreement when the premises become part of an approved mine plan. Purchase price = \$90,000.
2. U.S.A. Prospecting Permit: (Lost Gulch, 313.03 acres)  
Application was made for a federal prospecting permit; renewable; \$0.50/acre.
3. Claim Staking: (Lost Gulch, 60 acres)  
NJS has completed staking additional placer claims in upper Lost Gulch.

### B. NEGOTIATIONS

The following land negotiations were in progress in September:

1. Homestake: (Joint Venture, Two Bit) We have temporarily delayed negotiations pending determination of MinVen's area of interest limitations with Golden Reward.
2. Noranda: (Rochford) Noranda is actively pursuing their Rochford prospect. They suggested that we contact their District Manager in Rhinelander, Wisconsin if we are interested in a farm-in. They may be close to initiating permitting of their project.
3. Oakmont: (Two Bit) Oakmont, Paul Miller/Compass, has entered into a venture agreement with Chevron Minerals for all of their properties in the Black Hills.
4. Schipke, Paul: (86 acres, Two Bit area) I confirmed that Schipke executed the agreement with Homestake.
5. Small Tracts Act: Our application is with the Office of General Counsel.

## II. LEGAL

### A. CONTRACT REVIEW

The following contracts were reviewed or prepared for execution by Brohm:

1. T.I.C. (Blakeman)
2. Geotemps (Barron)
3. Wolff (Mike P. - consignment agreement)
4. Lang (Barron - drilling)
5. NJS (claim staking)
6. DuPont/Van Waters
7. Insurance Coverage - Dick Langford and I must talk further with Kevin Collins about this.

### B. LEGAL ISSUES

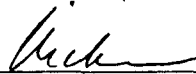
1. Hecla: Reviewed the litigation between MinVen (Barrier Reef) and Hecla.
2. No Trespass: Reviewed S.D. statutes regarding posting of notice for no hunting or trespassing. Lance is having signs made up for posting on our property.
3. Notarizations: Location Certificates must be notarized for recordation with the County. We are now in the process of further reviewing this requirement.

## III. MISCELLANEOUS

- A. LETTERHEAD: Schwing/Walsh will be sending our new business cards and letterhead within the next week.
- B. BROCHURE: The text of our brochure has been finalized and most of the photos (including aerial shots) have been taken. 2500 brochures should be ready by November 1.
- C. DIAMOND B: Diamond B owns multiple claims southeast of our project adjoining Bear Butte and includes the Silver Queen. They would be interested in pursuing discussions with Brohm. The geologic data given to us by Diamond B was given to Jim Barron.
- D. AFFIDAVIT OF LABOR: Our 1988 A.O.L. was filed with Lawrence County and has been forwarded to the BLM.
- E. AUCTION: Northwestern Metal will have an auction on October 13 to sell all of their equipment and timber now situated at the Branch Mint. The Black Hills Mining Museum toured the property and would like to take a video prior to the auction. Dan Blakeman agreed to dispose of any cyanide/acid now located on the Branch Mint prior to the auction.



F. MAP: Our project map will be updated in October and will reflect all new acquisitions and claim staking.

  
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Michael J. Neumann

MJN/dvl

cc: J. Barron  
D. Blakeman  
D. Langford  
C. Seward  
D. Stewart  
J. Wilbanks

DATE: SEPTEMBER 1, 1988  
TO: REX L. OUTZEN  
FROM: MICHAEL J. NEUMANN  
SUBJECT: MONTHLY REPORT - AUGUST, 1988

A. ACQUISITIONS

The following properties were acquired by Brohm in August:

1. Dickmeyer, Richard: (Stanchion, Surface, 10.41 acres) 10 year lease/option agreement; \$1000/year; \$15,000 purchase option.
2. Limbo, Betty et al: (Association Placers, Lost Gulch, 420.00 acres) Purchased 3 association placers for \$14,000. EnecoTech has identified a possible deep water source on a portion of this ground.

B. NEGOTIATIONS

The following land negotiations were in progress in August:

1. Gaffrey, Rod: (M.S. 1903, 62.514 acres)  
These claims are situated just north of Strawberry Creek and west of Bear Butte. A revised agreement was sent to Gaffrey's attorney for review. There is considerable reluctance to execute any agreement other than a purchase contract. We are presently proposing a 10 year Exploration/Option Agreement. The agreement automatically becomes a mining lease when the premises are included within a State approved mining permit. Brohm also commits to purchase the premises at that time, but subject to our ten year payment schedule. Purchase price is to be \$90,000.
2. Schipke, Paul: (86 acres, Two Bit area)  
Schipke indicated that he had reached on agreement with Homestake. Should the agreement not be finalized, he is to contact me.
3. Homestake: (Joint Venture, Two Bit area)  
I met with Greg Palmer. Homestake is reluctant to entertain an agreement in which they would have less than a 50% interest. Greg did agree that we should be the operator of a surface operation. Brohm is to discuss strategies and get back with Homestake.
4. Paul Miller - Oakmont Resources: (Two Bit area)  
Jim Barron and I visited Miller to determine the status of their land holdings in Two Bit. They are presently negotiating with a third party regarding all of their properties and could not entertain any discussions with Brohm at this time.

5. Sloan, H.D.: (Tinton area)  
Assay results proved negative. Jim Barron sent a letter to Sloan stating we would not be interested, at this time, in pursuing negotiations.
6. Boysen, Dave: (M.S. 161 Placer)  
Boysen has been residing in the cabin on the Branch Mint Placer (Placer 161). While the trailers have been vacated, Boysen wanted to stay in the cabin periodically. Northwestern agreed to this and I have prepared a release of liability for Boysen to sign. This will be a tenancy at will (which permits NW to terminate the Boysen rental arrangement at will).

C. MISCELLANEOUS LAND MATTERS

1. Gary Hill, owner of Northwestern Metal, toured the project on August 12.
2. Northwestern is interested in auctioning all of their equipment on the Branch Mint mill.
3. Restaking of the RLC claims in Strawberry Ridge has been completed. Several open areas were located as original locations. Homestake is asserting that 2 of our new claims were located in trespass of their claims (RLC 55, 54). We are looking into this situation.

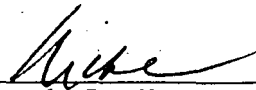
D. LEGAL

1. Contract Review. The following contracts were reviewed/prepared for execution by Brohm:
  - a) Handy & Harmon (Refining Agreement)
  - b) Burson-Marsteller (Public Relations Agreement)
  - c) Western Business Resources (prepare maintenance agreement)
  - d) Wolff Distributing Agreement (Consignment Agreement)
  - e) T.I.C.
  - f) Emcon-Sweet Edwards (Quality Assurance)
  - g) Dakota Research (P.S.A.)
  - h) Intermountain Soils (P.S.A.)
2. Gagle Contract. Preparation of legal defense and establishing rights of Brohm under our contract. Outside counsel has been engaged to review and advise. We presently are holding back \$37,000+ and are holding two unpaid invoices totaling \$83,000.
3. Quiet Title Action. (Eilers) No development.
4. Stibnite. I reviewed and summarized the Hecla/Pioneer agreement and lawsuit.

E. OTHER MATTERS

1. Procedures. All progress has come to a halt in training and establishing written procedures for land administration.

2. Jeff Driscoll. Jeff's tenure at Brohm has come to an end. He is presently interviewing for a permanent position with another company.
3. Burson-Marsteller. We have asked B.M. to cease all activity for Brohm.
4. NJS. NJS will commence relocating the Lost Gulch placers and underlying loads. Anticipated time for completion is one month. They will then commence work on Commonwealth's unpatented claims.
5. Homestake. Homestake was drilling (assessment work) on their RLC claims by the Ample claim (Boomer Gulch).

  
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Michael J. Neumann

MJN/dvl

cc: D. Stewart  
J. Wilbanks  
J. Barron  
C. Seward  
D. Langford  
D. Blakeman

DATE: AUGUST 1, 1988  
TO: REX OUTZEN  
FROM: MICHAEL J. NEUMANN  
SUBJECT: MONTHLY REPORT - JULY, 1988

#### A. ACQUISITIONS

The following properties were acquired by Brohm in July:

1. Northwestern Metal Company: The existing agreement was renegotiated and combined with an additional 104.286 acres near Galena. The lease/option is for 15 years and so long thereafter, sliding scale royalty and a purchase price of \$50,000 for the additional acreage. The old lease was terminated.
2. Northwestern Metal Company: Placer 161 containing 15.02 acres was leased under a 15 year lease with annual payments of \$300 for the first 5 years; 4% NSR. There are 2 trailers on the premises, belonging to another, which will be sold in September by the County for delinquent taxes.
3. Mark Baggaley: Sunshine, M.S. 1941, containing 17.753 acres was optioned under a 3 year option to purchase for \$18,000; \$3,000 initial consideration.

#### B. NEGOTIATIONS

The following negotiations were in progress during July:

1. Richard Dickmeyer: (Stanchion, Surface, 10.41 acres) Final terms were agreed upon with Dickmeyer and his attorney. We should receive signed agreement in early August.
2. Paul Schipke: (86 acres, Two Bit area) Continued to negotiate with Homestake. Schipke is to be contacted by Brohm 1st week in August.
3. Homestake: (Joint Venture) I will meet with Greg Palmer on August 5 to discuss venture.
4. Small Tracts Act: (25 acres) Complications developed and the Forest Service required another plat before the application could be submitted to the Office of the General Counsel. The plat was completed 7-29-88 and submitted to Lawrence County Planning and Zoning for their August meeting. The plat must then be recorded. Communications within the Forest Service has been lacking.

5. H.D. Sloan: (Tinton area) Jim Barron and I took a field trip to Sloan's property, taking samples and initiating preliminary discussions toward a possible agreement. We expressed reservations about his property and negotiations.
6. Mann, Warren: (Second Chance, 100 acres) Mann visited our office and commenced discussions regarding his placer on Lost Gulch. Explained that we would require Betty Limbo's placers before we could sign an agreement with him, because her placers made the Second Chance contiguous with our claim group. Limbo rejected our prior offer. Mann will talk with Limbo and hopes to negotiate an agreement.

#### C. LEGAL

1. Contract Review. The following contracts were reviewed for execution by Brohm:
  - a) Drew Chemical: drafted an equipment lease which was later accepted and signed.
  - b) Reviewed Forest Service Memorandum of Understanding.
  - c) DeWayne Holmdahl: professional service agreement was prepared and signed.
2. Gagle Contract. Gagle is potentially liable to Brohm for Lost Production and other damages. We are presently establishing the extent of Brohm's damages and bringing outside counsel (Dennis Keeley of Baker & McKenzie) up to speed. No action is to be taken until after Gagle completes its contract. (We had not requested a Performance Bond nor have we withheld our 10% holdback. No further payments are to be made until contract completion).
3. Patent - Minproc. Initial consideration was made with Tom Small, patent attorney with Baker & McKenzie, regarding metallurgical process developed by Brohm/Minproc. We will not proceed until further discussion with management.
4. Quiet Title Action (Eilers). No developments.
5. Republic Bank of N.Y. Reviewed document submitted by Republic to permit them to act as London based broker for Brohm.
6. Vancouver. All files were reviewed in the Vancouver office for identifying and moving to Deadwood all original contracts/documents. Swinton & Co. was also asked to review their files for original documents.

D. OTHER MATTERS

1. Procedures. Sylvia is being trained for land/lease administration. Expanded procedures are being developed and will be formalized into a written procedures manual.
2. Law Institute. I attended the Rocky Mountain Mineral Law Institute July 21, 22, 23.
3. Titanium. Rennison Goldfields was approached to determine whether they would have any interest in evaluating the titanium potential of the sulphide project.
4. Noranda. Noranda expressed an interest in approaching us to farm in on their Rochford project.
5. Public Relations. Burson-Marsteller and Daniel J. Edelman Inc. made formal presentations to Brohm on July 13. No decision has been made by Brohm.
6. Staking. 43 RLC claims have been relocated in the Strawberry Ridge area and 8 new claims (BM claims) were located in the same area. An additional 4 plus claims remain to be located in Strawberry Ridge. A group claim map should be finalized by the first week of August.
7. NJS. Two crew members quit and others are unhappy - ready to quit.

  
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Michael J. Neumann

MJN/dvl

cc: D. Langford, D. Stewart, J. Wilbanks, C. Seward, J. Barron,  
D. Blakeman

DATE: MAY 31, 1988  
TO: REX OUTZEN  
FROM: MIKE NEUMANN  
SUBJECT: MONTHLY REPORT - MAY, 1988

A. ACQUISITIONS

The following properties were acquired by Brohm in May:

1. David Holbrook: we purchased the east 1/2 of the Highland Mary (4 acres, surface estate) for \$6,000.
2. Henry Whiteaker: Whiteaker executed a purchase contract for the Katie (8.392 acres, surface estate), \$500 initial consideration, 3 year term, \$9,000 purchase price.
3. Mary Sjomeling: (Portland, Lina, Occidental) Ms. Sjomeling executed a Ratification of the Eiler lease/option together with deed to be held in escrow.

B. NEGOTIATIONS

1. Lynn Olson: (Specie Payment) Agreed to a purchase price of \$12,500. She has failed to sign and return the purchase contract. Jeff is to take the check and close the purchase the first week of June.
2. Mark Baggaley: (Sunshine, 17.75 acres) Accepted our proposal for an option to purchase for \$18,000; \$1,500 initial consideration. Agreements were mailed 5/18/88.
3. Willis Aye: (Penn Lode) Accepted our proposal to roll the Bailey lease over into a lease/option agreement which will include the Penn. Our additional cost for the Penn will be \$500/year.
4. Richard Dickmeyer: (Stanchion, surface estate, 10.41 acres) Accepted our proposal for a 10 year lease/option agreement, \$1,000 initial consideration.
5. Homestake:
  - a) Water: Gary Loving has indicated that we could utilize water (2,000 gal/min) from their tailings dam in Grizzly Gulch.
  - b) Joint Venture: Jim Barron and I met with Ralph Green and Rick Bachman. Information was exchanged and a proposal for a joint venture will hopefully be made by Homestake in June. Their main concern is whether they will have anything substantial to bring into a venture.



- c) Data: Rick Bachman has indicated that there is no drilling data for the claims they recently conveyed to Brohm. However, they will provide us a copy of Utah International's data for the Two Bit area.
- 6. Ron Gaffrey: (M.S. 1903, 62.514 acres, all surface and 50% minerals) Rejected our first proposal. Jeff will meet with Gaffrey the first week of June.
- 7. Northwestern Metal: (Galena area, 89 acres) I am to meet with Dick Hedges and Gary Hill in Nebraska June 6 and 7.
- 8. Small Tracts Act: (24 acres) Our application was forwarded to Denver with no appeals. We should receive a deed by mid summer.

#### C. LEGAL

- 1. Contract Review. The following contracts were reviewed:
  - a) Tom Campbell. (Marketing Agreement) Signed and effective June 1, 1988.
  - b) Cal Comp. (Maintenance)
  - c) Jim Christensen. (Grubbing and Clearing contract was re-written)
  - d) General Steel. Revised insurance certificates were received and approved.
  - e) Brink Electric. (Sub contract to Bateman)
- 2. MFC Loan Agreement. Continued to provide assistance regarding title issues, allowing for the closing of the loan. The mortgage was filed of record and title insurance policies issued in favor of MFC.
- 3. Quiet Title Action. (Eilers): No developments.
- 4. Agent. Marve Truhe has been designated our agent for service of process.
- 5. Unpatented Claims. The BLM records were reviewed in May and title updates are being prepared for all Brohm and 3rd party unpatented claims within the project area.

#### D. OTHER HIGHLIGHTS

- 1. NJS.
  - a) The RLC claims in Strawberry Ridge must all be relocated. This should be completed by the end of June.
  - b) The Zelda's have been relocated.
  - c) NJS is to determine whether there is another method for billing Brohm for claim staking which would be more cost effective.

2. Volksmarch. Mike Germann and other Galena residents asked Brohm to allow the July 24 walk to cross a portion of the Ruby Placer. We requested that each participant indemnify and hold Brohm harmless in case of injury.



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Michael J. Neumann

MJN/dvl

cc: D. Stewart  
D. Blakeman  
J. Wilbanks  
D. Langford  
J. Barron  
C. Seward

DATE: MAY 3, 1988  
TO: REX OUTZEN  
FROM: MIKE NEUMANN  
SUBJECT: MONTHLY REPORT - APRIL, 1988

#### A. ACQUISITIONS

The following properties were acquired by Brohm in April:

1. Homestake: (a) Brohm and Homestake executed an Agreement (actual closing to take place the first week of May) in which Homestake will convey to Brohm 1 patented claim (Gold & Silver, 20 acres) and 166 unpatented claims (3320 acres) and abandon 7 unpatented claims within our project area.  
(b) Homestake will be proposing to Brohm a joint venture for the Strawberry Ridge area.  
(c) Discussions will commence with Margie Winsel and Greg Palmer for the purpose of identifying water sources near our project. Negotiations will be with Gary Loving.
2. David Holbrook: Terms were agreed upon for Brohm to acquire his 4 acre interest in the Highland Mary (surface only) for \$6,000. A purchase contract has been executed with a closing scheduled before the end of May.
3. Eilers: Ratification forms were prepared and mailed to the 4 children of Chrissie Eilers.

#### B. NEGOTIATIONS

1. Lynn Olson: We have been unable to finalize the purchase of the Specie Payment. Olson has not agreed to a purchase price.
2. Margie Holbrook: Holbrook countered with a \$15,000 purchase price for her 4 acre interest in the Highland Mary.
3. Whiteacre: (surface to the Katie, 10 acres) Whiteacre countered with a \$9000 purchase price to be spread over 3 years.
4. Dickmeyer: Negotiations are proceeding for a lease option for the Stanchion (surface only, 10.41 acres).

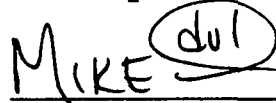
#### C. LEGAL

1. MFC Loan Agreement: Title concerns identified by Parcel & Mauro were limited. We have obtained a title commitment for Borsch/Fahrni claims within the permit area and supplied Parcel, Mauro with information pertaining to the Small tracts parcels within the permit area.

2. Quiet Title Action: The complaint has been filed and summons are being sent to all persons listed as Defendants and appearing in the Chain of Title to the Portland, Lina and Occidental.
3. New Agreement: A new standard form of agreement must be prepared for purchase options (to be used for Baggaley).
4. Campbell - Marketing Agreement: Prepared and recommended a Marketing Agreement for Tom Campbell. The agreement was mailed to Jim Anderson for review.
5. Fisher - General Steel: Reviewed the crusher contract. Minor changes were recommended; agreement is ready for Brohm's signature.
6. TIC: Preliminary review of contract.
7. Taxes: All project property taxes were paid in April.

#### D. OTHER HIGHLIGHTS

1. Homestake Claims: A field trip revealed that Homestake's Strawberry Ridge claims (RLC claims) were poorly located and must be remonumented. The Lost Gulch claims (PP claims) appear to be well monumented. The lodes underlying our placers will have to be relocated.
2. NJS: The Zelda's will be relocated in May. We will obtain an estimate from NJS for the cost of remonumenting the approximately 50 RLC claims in Strawberry Ridge and the 20 lodes under the placers in Lost Gulch.
3. Submittals: A submittal was forwarded to Jim Barron for a group of claims controlled by Terry Tyler in the Tinton area.
4. Follow-up: We have not received any response from Vancouver or Jim Anderson regarding
  - (a) Re-designating Marve Truhe as our agent for service of process.
  - (b) Corporate qualifications for federal prospecting permit.
  - (c) Board resolution authorizing Rex to execute documents (and ratifying all documents previously executed by Rex).

  
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 Mike Neumann

MN/dvl

cc: J. Barron  
 D. Blakeman  
 D. Langford  
 C. Seward  
 D. Stewart  
 J. Wilbanks

DATE: APRIL 4, 1988  
TO: REX OUTZEN  
FROM: MIKE NEUMANN  
SUBJECT: MONTHLY REPORT - MARCH, 1988

A. ACQUISITIONS

The following properties were acquired by Brohm in March:

1. Borsch/Fahrni: (Tootsie et al, 420 acres)  
Chester Borsch executed and returned his counter copy of the lease; \$3,250.00 initial consideration; 15 years.
2. Mann/Limbo: (5 placers, 180 acres)  
We received executed deeds from Warren Mann and Betty Limbo for their 5 placers in the Lost Gulch area.
3. Deadbroke Mining: (Gold Standard, Mountain Echo, 40 acres)  
Deadbroke executed Lease/Option agreement for their 100% mineral interest for \$1000 initial consideration; 15 years.
4. Deadbroke Mining: (Specie Payment, 10 acres)  
Deadbroke executed Lease/Option agreement for their 50% interest to the minerals for \$250 initial consideration; 15 years.

B. NEGOTIATIONS

1. Homestake: (Lost Gulch, Strawberry Ridge, Gold & Silver)  
I met with Ralph Green on 3/21. Terms were agreed upon for Brohm to take title to all properties and Homestake to keep deep rights. Homestake's attorneys are to prepare the initial draft of the agreement. Homestake will sell the Gold and Silver claim for \$6,000 - \$8,000.
2. Lynn Olson: (Specie Payment)  
Jeff met with Olson. We proposed to purchase her interest for \$5,000. Jeff anticipates concluding negotiations by mid April.
3. Holbrook: (Highland Mary, surface)  
Margie Holbrook is not interested in our project. Dave Holbrook has been mildly receptive, but won't do anything without Margie's approval. Dave is on vacation. We are proposing an outright purchase.
4. Mark Baggailey: (Sunshine, 17.75 acres)  
We have proposed a 3 year purchase option, \$1000/acre. The term is the only real objection, but Baggailey is difficult to pin down.
5. Dickmeyer: (Stanchion, surface, 10.41 acres)  
Little in follow-up negotiations have been pursued due to change in acquisition program.
6. Thadeous Baggailey: (Stanchion, minerals)  
No follow-up. Burden had been placed on Dickmeyer to reach agreement with Baggailey.

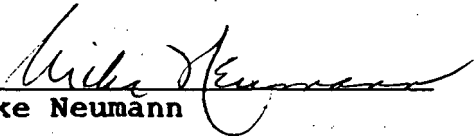
7. Northwestern Metal: (Galena area, 100 acres)  
No follow-up has been pursued due to change in acquisition program. Negotiations are in preliminary stages.
8. Whiteaker: (Katie, surface, 8.392 acres)  
No response to our proposal. He is looking for a cash buy out; he purchased the surface in 1974 for \$7,200.
9. Gaffrey: (M.S. 1903, 62.514 acres, all surface and 50% minerals) Negotiations are in preliminary stages.
10. Plain & Prairy Implement: (50% minerals in M.S. 1903)  
Initial proposal made.
11. Willis Aye: (Penn, minerals only)  
We have proposed to consolidate this claim with 2 other leases.
12. Small Tracts Act: (25 acres)  
The Forest Service issued their decision on 3/25/88.  
There is a 45 day appeal period. We must initiate appraisals and survey boundaries and place posts for the Forest Service.

#### C. OTHER HIGHLIGHTS

1. MFC Loan: Parcel & Mauro is reviewing all legal documents for the proposed loan from MFC to Brohm. The collateral securing the loan has now been expanded to include every claim within the permit area. There will likely be curative work to be completed on some of these properties. We also continue to provide assistance to Parcel & Mauro.
2. Quiet Title Action: We continue to complete due diligence prior to filing the complaint. The complaint should be filed within the next 2 weeks.
3. Taxes: All real property taxes are due on April 30. The total tax bill for the full 1987 tax year is \$8500.
4. Federal Prospecting Permit: We are still waiting for the corporate qualifications documents to be returned from Lakewood.
5. Marcia Darland: Several lessors had not received 1099 forms. After identifying them, forms were prepared and mailed to the lessors.
6. Minproc: I met with Barry Hansen and Howard Lewis to review the land portion of the bankable report.
7. Dave Johnson: Dave Johnson was taken on a tour of the Gilt Edge and Golden Reward project sites.
8. State Permit: Attended the State permit hearings in mid-March.
9. Claim Staking: Open fractions continue to be staked as weather permits. The Commonwealth claims will be relocated in April and May. The Homestake claims must be remonumented after we reach agreement with them.

D. PERSONNEL

1. Jeanette Sherman left in mid-March to take a position with a law firm in Sturgis.
2. Debbie VanderLaan has commenced training for land administration functions to include setting up escrows, working with the BLM, setting up files, maintaining logs, monthly payment obligations, and miscellaneous correspondence.
3. Jeff Driscoll ended his contract with Minproc on 3/31/88 and is now contracting directly with Brohm.

  
Mike Neumann

MN/dvl

cc: D. Stewart  
D. Blakeman  
J. Wilbanks  
D. Langford  
J. Barron  
C. Seward

TO: Rex Outzen  
FROM: Mike Neumann  
SUBJECT: Monthly Report - February, 1988  
DATE: March 2, 1988

A. ACQUISITIONS

The following properties were acquired in February by lease or purchase:

1. Rose Borsch: Jeri unpatented lode, 20 acres; \$500.00; 15 year lease.
2. John & Jeri Fahrni: Boca Chica, Reuben John, Rosa and Cleo lodes, 42 acres; \$1,000.00; 15 year lease.
3. Commonwealth Mining Company: Amended existing lease and added 3 claims, approximately 20 acres; No consideration.
4. Warren Mann: 160 acres, 4 association placers in Lost Gulch; purchased for \$8,000.00.
5. Betty Limbo: 20 acres, placer in Lost Gulch; purchased for \$2,000.00.
6. Borsch/Fahrni: Jeraldine Fahrni executed lease agreement for Tootsie et al (420 acres) \$3,250.00; 15 years.

B. NEGOTIATIONS

Negotiations are in progress for the following properties:

1. David Holbrook: East half of Highland Mary.
2. Margie Holbrook: West half of Highland Mary.
3. Lynn Olson: Specie Payment, purchase.
4. Deadbroke Mining: 1/2 minerals in Specie Payment and 2 claims (minerals only) on Strawberry Ridge.
5. Homestake: Lost Gulch, Strawberry Ridge. Homestake is to make proposal to us the first week of March. We also need to commence negotiations on water.



6. Willis Aye: (Penn, Bailey & Highland Mary). No response about consolidating 2 leases and adding the Penn.
7. Rodney Gaffrey: (M.S. 1903, approximately 50 acres). Their attorney will be reviewing our lease.
8. Northwestern Metals: (100 acres in Butcher Gulch and Branch Mint). A proposal was prepared but not sent or communicated.
9. Falks: (3 claims south of Strawberry Creek, 33 acres). Appears that they will reject our offer and sign with Paul Miller. We have not pursued this.
10. Dickmeyer/Baggeley: (Sunshine & Stanchion). We have not pursued our proposal any further.
11. Whiteaker: (Katie). We have not pursued our proposal any further.
12. Lathe B. Row: His divorce is not yet finalized and no further discussions have been pursued.

C. MISCELLANEOUS

1. Quiet Title Action: Portland, Lina, Occidental. Initial research has almost been completed. We should have a draft of the proposal action in March. The Eilers have been advised that we will initiate the action.
2. Title Insurance: Safeco has committed to insure minerals and surface to the properties within the permit area. The policy is for \$20,000,000 and will cost \$28,000.00.
3. Permitting: The Exhibits for the County C.U.P. have been updated and finalized. We had to obtain waivers from 4 parties who were not sent certified notice letters (they were apparently mailed notices, but were not certified).
4. Contract Review: The following contracts were reviewed and approved: Tonto Drilling, Lang Drilling, Fisher Industries, Minproc.
5. Title Curative: We received the Quitclaim Deeds from Cyprus, clearing title clouds on several properties. Commonwealth amended and ratified their lease, correcting deficiencies in the legal description of their properties. The name change from Gilt Edge to Brohm was recorded.

6. Federal Prospecting Permit: Corporate qualification documents were prepared and mailed to Vancouver for execution. We will then send them to the BLM. This will allow us to obtain Federal prospecting permits and leases (including Sandiche's property).

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Michael J. Neumann

MJN/jms

DATE: FEBRUARY 2, 1988  
TO: REX OUTZEN  
FROM: MIKE NEUMANN  
SUBJECT: MONTHLY REPORT - JANUARY, 1988

A. ACQUISTIONS

The following properties were acquired in January by lease or purchase:

1. Phil Wolff: \$25,000; parcel purchased for exchange with Forest Service (Borsch/Fahrni unpatented claims).
2. Charles Fillmore: (Yellow Jacket No. 2); lease/option; \$2,000 initial consideration; \$11,500 buy out.
3. Leone Mitchell: (Fern); lease/option; \$500 initial consideration; \$3,500 buy out.
4. David Walberg: (Twin Mine, Blue Bird); lease/option; \$1,000 initial consideration; \$20,000 buy out.
5. State Prospecting Permit: (224 acres in Sect. 36); \$112 initial consideration; can be converted to lease after discovery made.
6. Harlan Schmidt: (Slash pile); agreed to monthly rental of \$100 for storage of slash pile on his property.
7. Unpatented claims located by Brohm are the Zucchini 1,2,3, Bay State Fraction, Malme Fraction, Sunshine Fraction & Strikeout.
8. Richard Repke: (Ruby Placer); Lease; \$2,000 initial consideration; 10 years.
9. CoCa/Congdon & Carey: Executed quitclaim deed to Brohm for various properties as part of our title curative process.
10. Cecil Engels: (Hagensick Fr.); Lease/Option; \$1,200 initial consideration; \$10,000 buy out.
11. Ruth Hankins: (752 acres); Lease; \$24,000 initial consideration; 10 years.

B. NEGOTIATIONS

Negotiations for the following properties are presently being pursued:

1. Borsch/Fahrni: approximately 400 acres, mostly unpatented claims, under 3 or 4 different agreements. Negotiations are anticipated to be concluded in February.
2. Lynn Olson: (Specie Payment); We proposed to purchase her claim (surface and 1/2 minerals) for \$5000. No response.
3. Deadbroke Mining: (1/2 minerals, Specie Payment); proposed a 10 year lease/option, \$250 yr/initially; \$15,000 buy out. Waiting for response.

4. Whiteaker: (Katie); proposed lease/option agreement. Waiting for response.

5. Baggaley: (Sunshine); rejected our offer and countered with a straight buy out of \$1000/acre.

6. Dickmeyer/Baggaley: (Stanchion); rejected our offer; if we were to double our offer he would consider selling.

7. Aye: (Penn, Bailey & Highland Mary); we are renegotiating existing agreement and adding a claim. Aye is reviewing our proposal.

8. Homestake: (Lost Gulch, Strawberry Ridge); Ralph Green was receptive to our proposal regarding Lost Gulch. They will examine their information pertaining to the Confidentiality Agreement and our request that they abandon certain claims. Mark Nesbitt and Rick Bachman began working on the matter immediately. Their management committee will review our proposal the first week of February. Our potential need for a source of water was also mentioned.

#### C. FUTURE NEGOTIATIONS

Negotiations should commence with the following claim owners during the month of February:

1. Northwestern Metals: Galena area and Butcher Gulch.
2. Gaffrey: approximately 50 acres north of Strawberry Creek (MS 1903).
3. Holbrooks: Highland Mary (surface only).

#### D. MISCELLANEOUS

The following additional matters were addressed during January:

1. Permitting: Exhibits were prepared for the county and state permits identifying affected lands and buffer zone and notice zone lands. Met several times with Carol Koerner and attended public hearings for the county and state.

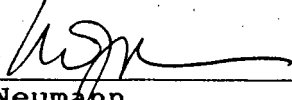
2. Legal Review: Reviewed a drilling contract, electric power contract and Medsystem software contract. Met with George Reeves regarding Homestake and mill site issues. Continue our efforts to review each lease contract and update our logs, which monitor our properties. We are beginning to receive tax notices for all of our properties.

3. Quiet Title Action: I will meet with local counsel, Steven Christensen, to commence a quiet title action on the Eiler ground.

4. Title Insurance: Initial contact was made to determine cost and availability of \$20,000,000 title insurance on our permit lands (approximately 400 acres).

5. A revised claim map has been prepared with a topo base. A detailed property map has been color coded and is hanging in the conference room.

6. We will be developing title information for both  
unpatented and patented claims surrounding our project area.

  
\_\_\_\_\_  
Mike Neumann

MN/dvl

cc: D. Stewart  
D. Blakeman  
J. Wilbanks  
J. Barron  
C. Seward  
D. Langford  
P. Goodwin  
J. Driscoll

DATE: JANUARY 6, 1988  
TO: REX OUTZEN  
FROM: MIKE NEUMANN  
SUBJECT: MONTHLY REPORT - DECEMBER, 1987

A. Surface Agreements


1. No additional surface agreements are being pursued at present.

B. Acquisitions

1. Willis Aye: 633 acres; mining lease with option to purchase (\$250,000) agreement, \$10,000 initial.
2. Rosypal: Red Jacket No. 3; purchased for \$60,000.
3. Eilers: Occidental, Lina and Portland (30+ acres); lease with option to purchase (\$20,000) agreement; \$2,500 initial consideration.
4. Forest Service: several small tracts within the C.U.P. affected area were quitclaimed to Brohm for \$26.00.
5. Darland: Hidden Treasure Mine, 298 acres, 1/3 interest; 5 year lease/option agreement; \$100,000 purchase with \$3,333 initial consideration.
6. Higgs: Hidden Treasure Mine, 298 acres, 2/3 interest; 5 year lease/option; \$200,000 purchase with \$6,667 initial consideration.
7. Froemel: Black Hawk and Crown Point; lease/option agreement; \$160,000 purchase with \$10,000 initial consideration.
8. Repke: Ruby Placer (20 acres); mining lease; 10 years; \$2,000 a year payments.

C. Agreements in Negotiation

1. State Section
2. Borsch Fahrni
3. Olson
4. Twin Mine/Blue Bird
5. Hagensick
6. Fern
7. Katie
8. Homestake

  
Mike Neumann

MN/dvl